

**BEFORE THE ENERGY RESOURCES CONSERVATION AND DEVELOPMENT COMMISSION  
OF THE STATE OF CALIFORNIA**

**IN THE MATTER OF THE APPLICATION FOR A  
SMALL POWERPLANT EXEMPTION FOR  
CHEVRON U.S.A.'S RICHMOND  
COGENERATION FACILITY**

**DOCKET NO. 86-SPPE-1**

**ORDER**

**INTRODUCTION**

On February 15, 2007, Chevron U.S.A. Inc. (Chevron) petitioned the California Energy Commission under Public Resources Code section 25218 to lift a 44 GWh export limitation that had been imposed on the Richmond Cogeneration Facility as a condition of its 1987 Small Power Plant Exemption (SPPE). On April 26, 2007, Chevron filed a Supplemental Petition asking specifically to delete conditions "C," "D," and "E" from the Energy Commission's 1987 SPPE decision. Included in the Supplemental Petition was a letter from PG&E stating that PG&E will not use excess deliveries by Chevron in 2007 as grounds to oppose the February 15 Petition.

**BACKGROUND**

On November 10, 1986, Chevron U.S.A. Inc. (Chevron) filed an application for a Small Power Plant Exemption (SPPE) for the Richmond Cogeneration Facility. As described in the application, the Facility was designed to produce approximately 98 net MWs of electricity and 740,000 lb/hr of steam for use in the refinery; during normal operations, the refinery consumed on average 118 MW of electricity. On October 7, 1987, the California Energy Commission granted Chevron's SPPE application which included, *inter alia*, the following conditions:

- C. As required by the 1986 Electricity Report, Chevron U.S.A. shall provide to the Commission an annual operations report describing on a monthly basis power generated and fuels consumed, using forms approved by the Commission (ER 6, section 6.4.2, pp.6-9);
- D. During the life of the self-generation project and subject to conditions C, Chevron U.S.A. shall not sell more than five (5) megawatts (or 44 GWh) of surplus electrical power per year to PGandE unless Chevron U.S.A. and PGandE agree in writing to modify the amount of annual surplus power sales and such agreement is approved by the Commission; and
- E. During the life of the self-generation project, Chevron U.S.A. shall not sell more than one (1) megawatt of surplus electrical power to PGandE at any given moment during the two thousand (2,000) hours of PGandE's lowest load demand in each year (as provided in the stipulation of the parties, dated September 28, 1987), unless Chevron U.S.A. and PGandE agree in writing to modify the amount of surplus power sales during PGandE's

lowest load demand time period and such agreement is approved by the Commission.

These are the conditions that Chevron seeks to remove in its February 15, 2007 Petition and its April 26, 2007 Supplemental Petition. On May 9, 2007, counsel for the California Energy Commission staff filed a responsive brief, along with analyses of staff, joining Petitioner's request to remove conditions "C," "D," and "E" from the Findings and Orders of the 1987 SPPE Decision. The Commission received a letter from PG&E indicating that they did not oppose the petition. The Commission received no other filings on this matter.

At a regularly scheduled business meeting on June 6, 2007, the Energy Commission received comments and considered Chevron's Petitions, together with staff's responsive brief and analyses, and the letter from PG&E. No party opposed Chevron's request.

## **FINDINGS**

There being no opposition, the Commission hereby adopts the following findings based upon the rationale contained in Chevron's Petition and Supplemental Petition, the brief filed on behalf of California Energy Commission staff, the exhibits attached to the aforementioned briefs, PG&E's letter to the CPM and statements taken during the June 6, 2007 business meeting:

1. While the original limitation on sales of excess energy generation may have had a reasonable basis in 1987, in today's deregulated market, the limitation unnecessarily suppresses the export of needed power from the Facility, prevents Chevron from optimizing the use of cogeneration at the refinery, and no longer serves any useful purpose.
2. The removal of the limitations on excess electrical energy generation contained in conditions "D" and "E" will enable the Petitioner to increase electricity generation and optimize the facility's efficient operation.
3. The removal of the limitations on excess electrical energy generation contained in conditions "D" and "E" will protect public health and environmental quality by enabling Chevron to increase efficient output of electricity without increasing emissions and may reduce emissions at the Chevron Richmond Cogeneration Facility.
4. The removal of the limitations on excess electrical energy generation contained in conditions "D" and "E" will contribute to increased electricity reliability to the local area.
5. The removal of the limitations on excess electrical energy generation contained in conditions "D" and "E" will render the reporting required in condition "C" superfluous.

## **ORDER**

Therefore, the Commission **ORDERS** the following:

1. The petition to modify the small powerplant exemption to remove the limitation on sales of excess power at the Chevron Richmond Cogeneration Facility is hereby granted.
2. Conditions "C," "D," and "E" from the Findings and Orders of the 1987 Commission SPPE Decision are removed and no longer apply to the exemption of the Chevron Richmond Cogeneration Facility.

Dated June 6, 2007, at Sacramento, California.

**BEFORE THE ENERGY RESOURCES CONSERVATION AND DEVELOPMENT COMMISSION**

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JACKALYNE PFANNENSTIEL  
Chairman